

DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority**DEMETRIOS A. BOUTRIS**
California Corporations Commissioner
Sacramento, CaliforniaIN REPLY REFER TO:
FILE NO: OP 22/99**NOTICE OF PROPOSED FINAL TEXT OF RULES OF
THE COMMISSIONER OF CORPORATIONS UNDER THE
ESCROW LAW**

To Interested Persons:

On June 14, 2002, the Commissioner of Corporations published a Notice of Proposed Changes regarding the proposed amendment of Sections 1710, 1717.2, 1726, 1730, 1732.2, 1737, 1737.1 (renumbered as 1737.3), 1738, 1738.2, 1738.3, 1738.5, 1740.1, 1740.4, 1741.1 and 1741.3 and adoption of Sections 1709.1, 1717.2, 1730.1, 1737.1, 1737.2 and 1738.6 of the Commissioner's rules under the Escrow Law (see California Regulatory Notice Register , No. 2002, 24Z.).

Because the final text of Sections 1709.1, 1717.2 and 1737.3 differs from the text of the regulations dated May 20, 2002, a copy of the final text is being made available to the public in accordance with the requirements of Government Code Section 11346.8(c). The text showing modifications to Sections 1709.1, 1717.2 and 1737.3 is attached. Additions to these sections shown by double underlining and deletions are shown by double strike-out.

REASONS FOR CHANGES

The following changes from the originally proposed action are necessary:

- Add additional reference as a Note to Section 1709.1.
- Change "affidavit" to "declaration" in Section 1717.2.
- Clarify the meaning of "accredited" college or university, and the use of passing grades, in Section 1717.2.
- Clarify the type of software acceptable to the Department under Section 1737.3.

♦ Securities ♦ Franchises ♦ Off-Exchange Commodities ♦ Investment and Financial Services ♦
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SACRAMENTO 95814-4052
1515 K STREET, SUITE 200
(916) 445-7205SAN FRANCISCO 94102-5303
1390 MARKET STREET
(415) 557-3787LOS ANGELES 90013-2344
320 WEST 4TH STREET
(213) 576-7500SAN DIEGO 92101-3697
1350 FRONT STREET
(619) 525-4233

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available from the Office of Law and Legislation, Sacramento Office of the Department of Corporations. Request Document OP 22/99-C. As required by the Administrative Procedure Act, the Office of Law and Legislation maintains a hearing file containing all the information upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Kathy Womack, Associate Analyst, at (916) 322-3553.

Notice is also given that any interested person may present statements or arguments relevant to the proposed action by a written communication addressed to the California Corporations Commissioner. Attn: Kathy Womack, Associate Analyst. Office of Law and Legislation. 1515 K Street, Suite 200. Sacramento, California, 95814 and received on or before 5 p.m., February 28, 2003.

NOTE: The proposed changes to the Commissioner's rules under the Escrow Law set forth above and in the attached final text are not yet effective. When it is known whether the changes to the Commissioner's rules will become effective as proposed, and if so, when, the information will be posted on the Department's website (www.corp.ca.gov) and distributed in the same manner as this notice.

Dated: February 11, 2003
Sacramento, California

TIMOTHY L. Le BAS
Deputy Commissioner and General Counsel
Office of Law and Legislation